

Message Text

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PAGE 01 SINGAP 05382 080731Z
ACTION EA-12

INFO OCT-01 ISO-00 EB-08 COME-00 SP-02 CIAE-00 INR-07
NSAE-00 L-03 TRSE-00 OPIC-03 AID-05 IGA-02 XMB-02
/045 W

-----094193 082219Z /41

R 080530Z DEC 77
FM AMEMBASSY SINGAPORE
TO SECSTATE WASHDC 9133
INFO AMEMBASSY BANGKOK
AMEMBASSY JAKARTA
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA

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E.O. 11652: N/A
TAGS: ETRD, EINV, ASEAN, US
SUBJ: ASEAN: EA/COM MEETING WITH APCAC

REF: A) STATE 287130, B) KUALA LUMPUR 9213, C) MANILA 19019

1. SUMMARY: SINGAPORE AMERICAN BUSINESS COUNCIL MEMBERS
UNCERTAIN AS TO FUTURE OF INDUSTRY CLUBS AND THEIR POTENTIAL
IMPACT BUT FEAR THEY MAY BECOME CARTELS. MOST US BUSINESS-
MEN HERE WILL SHUN THEM UNTIL ANTITRUST QUESTIONS ARE
ANSWERED. END SUMMARY.

2. US BUSINESSMEN HERE ORGANIZED IN AMERICAN BUSINESS
COUNCIL (ABC) ARE SOMEWHAT AT A LOSS AT PRESENT CONCERNING
THE ASEAN INDUSTRY CLUBS. DURING A RECENT MEETING OF THE
APCAC COMMITTEE OF THE ABC, IT WAS DECIDED TO APPROACH THE
SINGAPORE GOVERNMENT INFORMALLY TO SOUND OUT GOVERNMENT
ATTITUDES TOWARD ASEAN IN GENERAL AND ASEAN-CCI/INDUSTRY
CLUBS IN PARTICULAR. AT PRESENT, ONLY AUTOMOTIVE INDUSTRY
CLUB HAS EVEN THE RUDIMENTS OF A STRUCTURE AND ONLY US
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COMPANY INVOLVED IS FORD MOTORS.

3. BUSINESSMEN HERE SAY ONLY NATIONALS WILL BE ELIGIBLE
FOR LEADERSHIP POSITIONS IN THE CLUBS EVEN THOUGH A
PARTICULAR INDUSTRY (ELECTRONICS, FOR EXAMPLE IN SINGAPORE)
MAY BE DOMINATED BY US FIRMS. SOME AMERICANS HERE FEEL
THAT INDUSTRY CLUBS COULD EVENTUALLY PROVE TO BE A DEVICE

FOR CONTROLLING MARKETS IN THEIR RESPECTIVE INDUSTRIES, PERHAPS EVEN TO THE EXTENT OF SETTING MARKET SHARES. A MINORITY VIEW IS THAT THE CLUBS WOULD LIMIT THEMSELVES TO ACTIONS DIRECTED TOWARD ASEAN COMPLEMENTARITY. SOME US BUSINESSMEN SAY THEY HAVE BEEN DIRECTED BY THEIR PARENT COMPANIES TO SHUN THE CLUBS UNTIL AN ANTITRUST RULING HAS BEEN OBTAINED; OTHERS ARE PLANNING SOME LIMITED CONTACT WITH THE CLUBS WITHOUT FULL OR FORMAL PARTICIPATION.

4. THE ABC INTENDS TO KEEP MONITORING DEVELOPMENT OF THE CLUBS, TO APPROACH THE GOVERNMENT TO OFFER ITS COOPERATION, TO KEEP IN TOUCH WITH VARIOUS BUSINESS GROUPS AND CHAMBERS OF COMMERCE, BUT NOT TO GET OUT FRONT. ABC CHAIRMAN ROGER O'NEIL OF MOBIL SAID APCAC WILL PROBABLY APPROACH JUSTICE DEPARTMENT THROUGH ITS WASHINGTON CONTACTS TO SEEK ANTITRUST RULING.

5. EMBASSY COMMENT: WE DO NOT SHARE COMPLETELY EMBASSY MANILA'S BENIGN VIEW OF THE CLUBS, ALTHOUGH WE THINK THE POTENTIAL PROBLEM IS ONE MORE OF CARTEL-LIKE ACTIVITIES POSSIBLY CONFLICTING WITH US LAW RATHER THAN AN ATTEMPT, AT LEAST IN SINGAPORE, TO SHUT OUT FOREIGN INVESTORS. ON THE QUESTION OF AN ANTITRUST RULING FROM JUSTICE, WE AGREE THAT THIS IS A PREREQUISITE FOR PARTICIPATION IN THE CLUBS BY US FIRMS. PROBLEM IS THAT CLUBS ARE STILL MORE POTENTIAL THAN REAL, AND ANY RULING BASED ON GOVERNMENT/BUSINESS ASSESSMENT OF LIMITED OFFICIAL USE

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THEIR PROBABLE FUTURE ACTIVITIES COULD BE MOOTED IF CLUBS DEVELOP ALONG UNPREDICTED LINES. ALSO, THERE IS NO GUARANTEE THAT CLUBS IN EACH ASEAN COUNTRY WOULD DEVELOP ALONG SAME LINES. IT APPEARS THAT BEST COURSE AT THIS POINT WOULD BE TO ASSURE APCAC, AS EMBASSY KL RECOMMENDS, THAT USG WILL TAKE WHATEVER STEPS IT CAN TO ASSIST US FIRMS IN DANGER OF BEING SHUT OUT. ALTHOUGH DISCUSSIONS WITH JUSTICE MAY BE HELPFUL IN BETTER DEFINING ANTITRUST PROBLEM, FINAL OPINION MAY NOT BE POSSIBLE UNTIL CLUBS HAVE BEEN BETTER ORGANIZED.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETINGS
Control Number: n/a
Copy: SINGLE
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977SINGAP05382
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770457-0467
Format: TEL
From: SINGAPORE
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19771277/aaaacnsh.tel
Line Count: 105
Litigation Code IDs:
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Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e977b708-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 287130, 77 KUALA LUMPUR 9213, 77 MANILA 19019
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 24-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 308303
Secure: OPEN
Status: NATIVE
Subject: ASEAN: EA/COM MEETING WITH APCAC
TAGS: ETRD, EINV, US, ASEAN
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/e977b708-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009